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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:

USA COMMERCIAL MORTGAGE COMPANY,

USA CAPITAL REALTY ADVISORS,
LLC,

**USA CAPITAL DIVERSIFIED TRUST
DEED FUND, LLC,**

**USA CAPITAL FIRST TRUST DEED
FUND, LLC,**

USA SECURITIES, LLC,

Debtors.

Affects:

- .. All Debtors
 - × USA Commercial Mortgage Company
 - .. USA Capital Realty Advisors, LLC
 - .. USA Capital Diversified Trust Deed Fund, LLC
 - .. USA Capital First Trust Deed Fund, LLC
 - .. USA Securities, LLC

Case No. BK-S-06-10725-LBR
Case No. BK-S-06-10726-LBR
Case No. BK-S-06-10727-LBR
Case No. BK-S-06-10728-LBR
Case No. BK-S-06-10729-LBR

CHAPTER 11

Jointly Administered Under Case No.
BK-S-06-10725 LBR

**REPLY IN SUPPORT OF JOINDER
AND SUPPLEMENT TO
OBJECTION TO ADMINISTRATIVE
EXPENSE CLAIM OF SIERRA
LIQUIDITY FUND**

Hearing: May 31, 2007
Time: 9:30 a.m.

The USACM Liquidating Trust (“USACM Trust”) replies to the response filed by Sierra Liquidity Fund, L.L.C. [Dkt. 3743].

Sierra's response essentially ignores the points made in the USACM Trust's joinder:

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- 1 • The Sierra claim is not based on a transaction with USACM;
- 2 • Sierra did not provide an actual, necessary benefit to the USACM Estate, as
- 3 required for an expense of administration;
- 4 • At most, Sierra has a pre-petition unsecured claim that is barred unless the
- 5 assigning direct lenders timely filed unsecured claims; and
- 6 • Sierra has not proved its damages claim; so the USACM Trust and its
- 7 constituents should not be adversely affected.

8 Because Sierra fails to answer these points, we simply respond to two additional
 9 issues raised in Sierra's response.

10 **I. SIERRA IMPROPERLY SEEKS TO EXTEND THE BAR DATE FOR
 11 EXPENSES OF ADMINISTRATION**

12 Pursuant to the confirmed Plan of Reorganization, the deadline for filing an
 13 expense of administration, other than for professional fees, was thirty days after the March
 14 12, 2007 Effective Date, or April 11, 2007.

15 Sierra's response at page 3, lines 4 through 8 purports to expand its expense of
 16 administration based upon its purchase of additional Direct Lender claims. If the assignee
 17 Direct Lenders did not timely assert an expense of administration, Sierra should not have
 18 an extension of the deadline, particularly as a claims speculator, to assert additional
 19 expenses of administration.

20 **II. SIERRA IMPROPERLY SEEKS TO USE THIS DISPUTE FOR AN
 21 ADVISORY OPINION**

22 As one parses the Sierra response, the argument appears to be that USACM as
 23 servicer wanted to maximize default interest and late fees, by not collecting loans, so it
 24 could collect such amounts from the collateral before payment to the Direct Lenders of
 25 principal and interest. Sierra Liquidity has no proof that USACM ever took such a
 26 position and no proof that such a position motivated any act by USACM as servicer (and
 Mesirov disclaims any such intent). Sierra then acknowledges its real dispute is with

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Compass Partners, LLC as successor loan servicer over whether default interest and late fees may be collected ahead of principal and interest owed on Direct Loans. With respect, this is simply a request for the Court to enter an advisory opinion in a potential dispute between Sierra and Compass. This Court is well aware that it lacks the jurisdiction to issue advisory opinions, much less to decide disputes between non-debtors in this post-confirmation context. Accordingly, the court should decline Sierra's effort.

Conclusion

All in all, Sierra has not met its burden of establishing an administrative expense claim, legally or factually, for the reasons set forth here and in the USACM reply. Sierra's administrative expense claim motion should be denied.

DATED: May 25, 2007

LEWIS AND ROCA LLP

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